

Message Text

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72

ACTION ARA-20

INFO OCT-01 ISO-00 XMB-07 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEA-02

OMB-01 SWF-02 DRC-01 /182 W
----- 120702

R 010001Z MAY 74

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 1436

INFO AMCONSUL CIUDAD JUAREZ UNN

AMCONSUL GUADALAJARA UNN

AMCONSUL HERMOSILLO UNN

AMCONSUL MATAMOROS UNN

AMCONSUL MAZATLAN UNN

AMCONSUL MERIDA UNN

AMCONSUL MONTERREY UNN

AMCONSUL NUEVO LAREDO UNN

AMCONSUL TIJUANA UNN

UNCLAS MEXICO 3602

E.O. 11652: N/A

TAGS: EFIN, MX

SUBJECT: MEXICAN FOREIGN TRADE DEFICIT CONTINUES HIGH

1. PRELIMINARY FIRST QUARTER TRADE FIGURES RELEASED BY MEXICAN FOREIGN TRADE INSTITUTE (IMCE) SUGGEST THAT MEXICO'S TRADE DEFICIT IS CONTINUING AT AN ANNUAL RATE NEAR LAST YEAR'S 1.8 BILLION-DOLLAR DEFICIT. FIRST QUARTER IMPORTS INCREASE BY 42.2 PERCENT OVER FIRST QUARTER 1973 TO 1.108 BILLION DOLLARS, WHILE EXPORTS, BUOYED BY INCREASED EXPORTS OF MANUFACTURED GOODS, WERE UP BY 43.3 PERCENT, AS COMPARED WITH FIRST QUARTER LAST YEAR TO 698 MILLION DOLLARS, FOR A FIRST QUARTER DEFICIT OF ABOUT 410 MILLION DOLLARS.

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2. IN RELEASING PRELIMINARY FIGURES, IMCE SPOKESMAN STRESSED NEED TO BOOST EXPORTS DURING COURSE 1974, AND OPINED THAT AGRICULTURAL EXPORTS, WHILE NOT MUCH STRONGER THIS YEAR, WOULD SHOW MORE STRENGTH IN 1975. HE BLAMED MUCH OF THE INCREASE IN IMPORT FIGURE ON RISING COSTS FOR CAPITAL GOOD, SEMI-MANUFACTURED ITEMS, AND RAW MATERIALS ON INTERNATIONAL MARKETS.

3. COMMENT: IT APPEARS THAT MEXICO WILL ONCE AGAIN THIS YEAR HAVE TO RESORT TO EXTENSIVE LONG-TERM CAPITAL BORROWING TO MAINTAIN CENTRAL BANK RESERVES AT DESIRED LEVELS IN THE FACE OF SUCH A SUBSTANTIAL BALANCE OF TRADE DEFICIT. TOURISM AND BORDER TRANSACTIONS, WHILE EXPECTED TO SHOW STRONG NET BALANCES THIS YEAR, WILL FALL FAR SHORT, IF TRENDS CONTINUE, OF MEETING MEXICO'S SUBSTANTIAL TRADE DEFICIT HIS YEAR.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORTS, EXPORTS, TRADE DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 01 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MEXICO03602
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740103-0738
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740583/aaaacwhk.tel
Line Count: 76
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 16 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 OCT 2002 by boyleja>; APPROVED <03 JAN 2003 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MEXICAN FOREIGN TRADE DEFICIT CONTINUES HIGH
TAGS: EFIN, MX, IMCE
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005